

# W. JEFFREY SCOTT, PSC

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May 11, 2008

RECEIVED

MAY 12 2008

PUBLIC SERVICE  
COMMISSION

Ms. Stephanie L. Stumbo  
Executive Director  
Public Service Commission  
Post Office Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

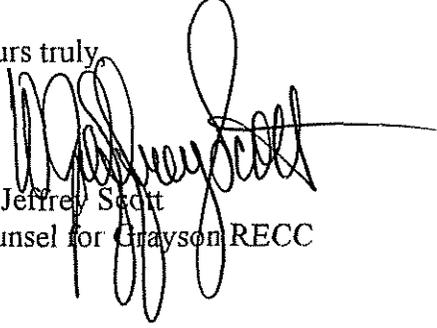
RE. Qualified Cogeneration and Small Power Production  
Facilities Purchase Tariff of Grayson Rural Electric Cooperative Corporation

Dear Ms. Stumbo:

Please find enclosed for filing with the Public Service Commission an original and ten copies of the updated Qualified Cogeneration and Small Power Production Facilities Purchase Tariff of Grayson Rural Electric Cooperative Corporation. This updated retail tariff incorporates the proposed updates to the wholesale Qualified Cogeneration and Small Power Production Facilities Purchase Tariff of East Kentucky Power Cooperative, Inc., in PSC Case No. 2008-00128. Grayson Rural Electric Cooperative Corporation hereby provides twenty (20) days notice to the Commission, pursuant to 807 KAR 5.011 Section 6 (3) (b), that it proposes to make this revised tariff effective on June 1, 2008.

Grayson Rural Electric Cooperative Corporation hereby requests a deviation, pursuant to 807 KAR 5.011 Section 14, from the notice requirements of 807 KAR 5.011 Section 8, on the grounds that Grayson Rural Electric Cooperative Corporation has no customers currently utilizing the tariff which is the subject of this filing, and that any publication of notice would involve considerable expense, and could require a delay of this filing.

Yours truly,

  
W. Jeffrey Scott  
Counsel for Grayson RECC

Enclosures

Grayson Rural Electric

**COGENERATION AND SMALL POWER PRODUCTION**  
**POWER PURCHASE RATE SCHEDULE**  
**LESS THAN 100 kW**

**AVAILABILITY**

Available only to qualified cogeneration or small power production facilities with a design capacity of less than 100 kW which have executed a contract with Grayson Rural Electric and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

**RATES**

1. Capacity

- a. \$40.40 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
- b. \$0.00614 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (I)

2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years.

a. Time Differentiated Rates.

Year	<u>Winter</u>		<u>Summer</u>		
	On-Peak	Off-Peak	On-Peak	Off-Peak	
2008	\$0.06032	\$0.04293	\$0.06637	\$0.03199	(I)
2009	\$0.05722	\$0.03881	\$0.05447	\$0.02094	(I)
2010	\$0.05647	\$0.03461	\$0.05069	\$0.02203	(I)
2011	\$0.06015	\$0.03899	\$0.06448	\$0.03069	(I)
2012	\$0.05875	\$0.03817	\$0.05737	\$0.02486	(I)

b. Non-Time Differentiated Rates.

Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
Rate	\$0.05120	\$0.04428	\$0.04219	\$0.04933	\$0.04596	(I)

DATE OF ISSUE May 12, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY Carol Hill Orsley TITLE President & Chief Executive Officer  
Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No 2008-00128 Dated April 28, 2008

Grayson Rural Electric

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The on-peak and off-peak energy rates are applicable during the hours listed below for each season:

Winter (October - April)

**On-Peak** 7:00 a.m. - 12:00 noon  
5:00 p.m. - 10:00 p.m.

**Off-Peak** 12:00 noon - 5:00 p.m.  
10:00 p.m. - 7:00 a.m.

Summer (May - September)

**On-Peak** 10:00 a.m. - 10:00 p.m.

**Off-Peak** 10:00 p.m. - 10:00 a.m.

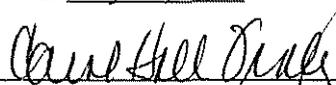
#### TERMS AND CONDITIONS

1. All power from a Qualifying Facility (QF) will be sold only to EKPC.
2. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
3. Qualifying Facility (QF) shall provide reasonable protection for EKPC and Grayson Rural Electric.
4. Qualifying Facility (QF) shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.
5. Qualifying Facility shall reimburse EKPC and for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

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DATE OF ISSUE May 12, 2008

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ISSUED BY  TITLE President & Chief Executive Officer

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6. Qualifying Facility shall obtain insurance in the following minimum amounts for each occurrence:
  - a. Public Liability for Bodily Injury - \$1,000,000.00
  - b. Property Damage - \$500,000.00
7. Initial contract term shall be for a minimum of five years. (N)
8. Qualifying Facilities proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff. (N)
10. Updated rates will be filed with the Public Service Commission of Kentucky by March 31 of each year. (N)

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DATE OF ISSUE May 12, 2008

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ISSUED BY *Orville Hill Dancy* TITLE President & Chief Executive Officer  
Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. 2008-00128 Dated April 28, 2008

Grayson Rural Electric

COGENERATION AND SMALL POWER PRODUCTION  
POWER PURCHASE RATE SCHEDULE OVER 100 kW

**AVAILABILITY**

Available only to qualified cogeneration or small power production facilities with a design capacity of over 100 kW which have executed a contract with Grayson Rural Electric and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

**RATES**

The rates set forth below shall be used as the basis for negotiating a final purchase rate with qualifying facilities pursuant to Section 7 of 807 KAR 5:054. (I)

1. Capacity

- a. \$40.40 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
- b. \$0.00614 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (I)

2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years.

a. Time Differentiated Rates:

Year	Winter		Summer	
	On-Peak	Off-Peak	On-Peak	Off-Peak
2008	\$0.06032	\$0.04293	\$0.06637	\$0.03199
2009	\$0.05722	\$0.03881	\$0.05447	\$0.02094
2010	\$0.05647	\$0.03461	\$0.05069	\$0.02203
2011	\$0.06015	\$0.03899	\$0.06448	\$0.03069
2012	\$0.05875	\$0.03817	\$0.05737	\$0.02486

b. Non-Time Differentiated Rates:

Year	2008	2009	2010	2011	2012
Rate	\$0.05120	\$0.04428	\$0.04219	\$0.04933	\$0.04596

DATE OF ISSUE May 12, 2008

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ISSUED BY *Carrie Hill Smith* TITLE \_\_\_\_\_

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Grayson Rural Electric

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The on-peak and off-peak energy rates are applicable during the hours listed below for each season:

Winter (October - April)

**On-Peak** 7:00 a.m. - 12:00 noon  
5:00 p.m. - 10:00 p.m.

**Off-Peak** 12:00 noon - 5:00 p.m.  
10:00 p.m. - 7:00 a.m.

Summer (May - September)

**On-Peak** 10:00 a.m. - 10:00 p.m.

**Off-Peak** 10:00 p.m. - 10:00 a.m.

#### TERMS AND CONDITIONS

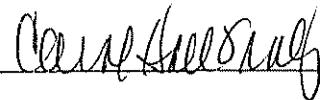
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2. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
3. Qualifying Facility (QF) shall provide reasonable protection for EKPC and Grayson Rural Electric.
4. Qualifying Facility (QF) shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.
5. Qualifying Facility shall reimburse EKPC and Grayson Rural Electric for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

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DATE OF ISSUE May 12, 2008

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ISSUED BY



TITLE President & Chief Executive Officer

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Grayson Rural Electric

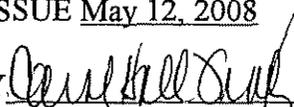
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6. Qualifying Facility shall obtain insurance in the following minimum amounts for each occurrence:
  - a. Public Liability for Bodily Injury - \$1,000,000.00
  - b. Property Damage - \$500,000.00
7. Initial contract term shall be for a minimum of five years. (N)
8. Qualifying Facilities proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff. (N)
10. Updated rates will be filed with the Public Service Commission of Kentucky by March 31 of each year. (N)

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DATE OF ISSUE May 12, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY  TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in

Case No. 2008-00128 Dated April 28, 2008

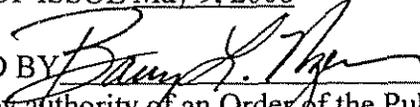
Taylor County RECC

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6. Qualifying Facility shall obtain insurance in the following minimum amounts for each occurrence:
    - a. Public Liability for Bodily Injury - \$1,000,000.00
    - b. Property Damage - \$500,000.00
  7. Initial contract term shall be for a minimum of five years. (N)
  8. Qualifying Facilities proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
  9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff. (N)
  10. Updated rates will be filed with the Public Service Commission of Kentucky by March 31 of each year. (N)

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DATE OF ISSUE May 9, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY  TITLE Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. 2008-00128 Dated April 28, 2008